

CONSENT TO ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is provided by THE CITY OF SAN DIEGO, a California municipal corporation ("City"), to be effective upon execution by City and approval by the San Diego City Attorney (the "Effective Date"), as follows:

RECITALS

- A. City and LHO Mission Bay Rosie Hotel, L.P., a Delaware limited partnership ("Lessee"), entered into that certain City of San Diego Percentage Lease and License Agreement, dated as of July 27, 2018, on file with the Office of the San Diego City Clerk as Document No. R-311896, ("Lease"), relating to approximately 17.737 acres of land and 0.526 acres of water area of City-owned property leased and approximately 0.87 acres of land subject to a license, located at 1775 E. Mission Bay Drive, in the City of San Diego, County of San Diego, State of California, and more fully described in the Lease ("Premises").
- B. Prior to the Merger (as defined below), the ownership structure of Lessee is as follows: Lessee's general partner is LHO Mission Bay Rosie Hotel, L.L.C. ("General Partner"), whose managing member is LaSalle Hotel Operating Partnership, L.P. ("LaSalle OP"), whose general partner is LaSalle Hotel Properties ("LaSalle").
- C. LaSalle entered into a merger agreement with Pebblebrook Hotel Trust, a Maryland real estate investment trust ("Pebblebrook"), among other parties, pursuant to which Pebblebrook will acquire 100% of LaSalle's outstanding common shares (the "Merger"). Upon completion of the Merger, LaSalle will no longer exist, but its wholly-owned subsidiary, LaSalle OP, will survive as a subsidiary of Pebblebrook, and all of the direct and indirect subsidiary companies of LaSalle OP, including General Partner and Lessee, will survive and be directly or indirectly maintained and operated by Pebblebrook.
- D. Lessee acknowledges that Section 5.2 of the Lease requires City's prior written consent to assign the Lease or any direct or indirect interest in and to the Lease.

NOW, THEREFORE, for valuable consideration the receipt and sufficiency of which is acknowledged, City consents to the assignment as follows:

- 1. Subject to the terms and conditions herein, City hereby consents to the indirect assignment of the Lease as a result of the Merger. By giving this Consent, City is merely consenting to the indirect assignment of the Lease. All terms and conditions of the Lease shall control and supersede any inconsistent or contrary provisions in any merger agreement executed between Pebblebrook and LaSalle, except as otherwise approved herein; and
- 2. City's consent is conditioned upon the following: (a) Lessee shall continue to keep and perform all covenants, conditions, and provisions of the Lease; and (b) payment to City of two percent (2%) of the appraised value of the Premises as determined by a qualified professional independent real estate appraiser pursuant to Section 5.3 of the Lease. City acknowledges that it has received from Pebblebrook a payment of \$1,400,000, based on an agreed-to appraised value of the Premises of \$70,000,000, which payment to City satisfies the foregoing condition in this Paragraph 2(b).

3. City does not release, discharge or modify Lessee's obligations to City under the Lease. Lessee shall remain primarily obligated as the lessee under the Lease. As set forth in applicable law, Lessee's obligations under the Lease shall survive said Merger and shall continue through the termination dates of the Lease, as set forth therein. City does not waive or relinquish any rights under the Lease against Lessee.
4. This Consent does not constitute consent to any subsequent assignment of any interest in and to the Lease.
5. Lessee agrees to pay City any applicable processing and/or administrative fee(s) for processing this Consent.
6. City shall not be liable for any brokerage commission or finder's fee in connection with the consummation of the assignment. Further, Lessee agrees to protect, defend, indemnify, and hold City, its elected officials, officers, representatives, agents, and employees harmless from and against any claim for any brokerage commission or finder's fee related to the consummation of this Consent, and from and against any cost or expense (including without limitation attorney fees) incurred by City in resisting any claim for any such brokerage commission or finder's fee.

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IN WITNESS WHEREOF, this, Consent to Assignment is executed by City acting by and through its Mayor, or his designee.

THE CITY OF SAN DIEGO, a California municipal corporation

Date: 9/25/19

By: [Signature]
Cybele Thompson
Director, Real Estate Assets Department

ENVIRONMENTAL ANALYSIS SECTION ENVIRONMENTAL CLEARANCE:

The City of San Diego conducted an environmental review that determined the project would not have the potential for causing a significant effect on the environment pursuant to State CEQA Guidelines Section 15301 (Existing Facilities) which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures or facilities involving negligible or no expansion of existing or former use. The exceptions listed in CEQA Section 15300.2 would not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

Date: 9/19/19

By: [Signature]
Alyssa Muto
Deputy Director, Planning Department

Approved as to form this 27th
day of September, 2019.

MARA W. ELLIOTT, City Attorney

BY: [Signature]
Name: Hilda R. Mendez
Title: Deputy City Attorney



October 26, 2018

**Real Estate Assets Department
1200 Third Avenue Ste. 1700
San Diego, CA 92101**

Re: Lease Applications for:

1. Percentage Lease (as amended, the "Lease"), dated May 15, 2000, by and between City of San Diego (the "City" or "you") and LHO Mission Bay Hotel, L.P. DBA San Diego Paradise Point Resort ("Tenant"), with respect to the property and improvements located at 1404 Vacation Road, San Diego, CA (the "Premises"), operated as Paradise Point, San Diego's Island Resort
2. Percentage Lease and License Agreement (the "Lease"), dated July 27, 2018, by and between The City of San Diego (the "City" or "you") and LHO Mission Bay Rosie Hotel, L.P. ("Tenant"), with respect to the property and improvements located at 1775 East Mission Bay Drive, San Diego, CA (the "Premises"), operated as the Hilton San Diego Resort & Spa

As explained in our letters to the City dated October 10, 2018, the above named Tenants are owned and controlled indirectly by LaSalle Hotel Properties ("LaSalle"). On September 6, 2018, Pebblebrook Hotel Trust ("Pebblebrook") and LaSalle entered into a merger agreement (the "Merger Agreement") pursuant to which Pebblebrook will acquire 100% of LaSalle's outstanding common shares (the "Merger"). Upon completion of the Merger, LaSalle will no longer exist, but its wholly-owned subsidiary, LaSalle Hotel Operating Partnership, L.P. ("LaSalle OP"), will survive as a subsidiary of Pebblebrook, and all of the direct and indirect subsidiary companies of LaSalle OP, including the Tenants, will survive and be maintained by Pebblebrook. The shareholders of LaSalle and Pebblebrook are expected to vote on the Merger on or about November 27, 2018 and the transaction is expected to close on November 30, 2018.

Following the Merger, the Tenants will remain the lessees under the Leases, and the Leases and the Premises will remain unaffected. For your information and to provide you with more context about Pebblebrook, as a result of the Merger, Pebblebrook will become one of the largest owners of independent/lifestyle hotels in the United States and the third-largest lodging REIT by enterprise value estimated at approximately \$7.5 billion.

As requested, we have completed the Lessee Questionnaires. Enclosed please find:

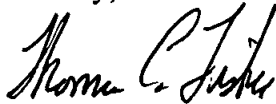
1. Copy of October 10, 2018 Letters
2. Lessee Questionnaires
3. Financials – Income Statement and Balance Sheet
4. LP and LLC Agreements
5. Check for \$2,000 for processing fee for the City's review

October 26, 2018

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Please feel free to contact me with any questions. We appreciate your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Fisher". The signature is fluid and cursive, with the first name "Thomas" and last name "Fisher" clearly distinguishable.

Thomas C. Fisher
Executive Vice President and Chief Investment Officer
Pebblebrook Hotel Trust
tfisher@pebblebrookhotels.com
240-507-1340

CC: Vladimir Balotsky, Supervising Property Agent, by E-Mail



October 10, 2018

City Manager
Attention: Real Estate Assets Director
City Administration Building
202 "C" Street, M.S. 9B
San Diego, CA 92101-4155

Re: Percentage Lease (as amended, the "Lease"), dated May 15, 2000, by and between City of San Diego (the "City" or "you") and LHO Mission Bay Hotel, L.P. DBA San Diego Paradise Point Resort ("Tenant"), with respect to the property and improvements located at 1404 Vacation Road, San Diego, CA (the "Premises"), operated as Paradise Point, San Diego's Island Resort

City Manager:

Tenant is owned and controlled indirectly by LaSalle Hotel Properties ("LaSalle"). On September 6, 2018, Pebblebrook Hotel Trust ("Pebblebrook") and LaSalle entered into a merger agreement (the "Merger Agreement") pursuant to which Pebblebrook will acquire 100% of LaSalle's outstanding common shares (the "Merger"). Upon completion of the Merger, LaSalle will no longer exist, but its wholly-owned subsidiary, LaSalle Hotel Operating Partnership, L.P. ("LaSalle OP"), will survive as a subsidiary of Pebblebrook, and all of the direct and indirect subsidiary companies of LaSalle OP, including Tenant, will survive and be maintained by Pebblebrook. The shareholders of LaSalle and Pebblebrook are expected to vote on the Merger on or about November 27, 2018 and the transaction is expected to close on November 30, 2018.

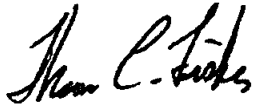
Following the Merger, Tenant will remain the lessee under the Lease, and the Lease and the Premises will remain unaffected. LaSalle is a publicly traded real estate investment trust, and therefore the transfer of LaSalle's publicly traded stock is not an assignment pursuant to Section 4.2 of the Lease and Section 4 of Addendum 1 thereto. However, due to the anticipated timing of the shareholder vote and closing of the Merger, we wanted to provide you with advance notice of the above-described transaction.

For your information and to provide you with more context about Pebblebrook, as a result of the Merger, Pebblebrook will become one of the largest owners of independent/lifestyle hotels in the United States and the third-largest lodging REIT by enterprise value estimated at approximately \$7.5 billion. For your convenience, Pebblebrook's address and contact information is: Pebblebrook Hotel Trust, 7315 Wisconsin Avenue, Suite 1100 West, Bethesda, MD 20814, Attn: Thomas C. Fisher, Executive Vice President and Chief Investment Officer, telephone: 240-507-1340, E-Mail: tfisher@pebblebrookhotels.com.

Feel free to contact me with any questions. We appreciate your time and consideration.

October 10, 2018
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Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Fisher". The signature is written in a cursive, flowing style.

Thomas C. Fisher
Executive Vice President and Chief Investment Officer
Pebblebrook Hotel Trust